

INDENTURE

Executed and Entered Into as of [July 1, 2015]

by and between the

SAN MATEO COUNTY FLOOD CONTROL DISTRICT

and

[TRUSTEE],

as Trustee

Relating to the

SAN MATEO COUNTY FLOOD CONTROL DISTRICT
2015 REVENUE REFUNDING BONDS (COLMA CREEK FLOOD CONTROL ZONE)

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INDENTURE

This Indenture (the “Indenture”), executed and entered into as of [July 1, 2015], by and between the San Mateo County Flood Control District, a flood control district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and [Trustee], a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the San Mateo County Flood Control District (the “District”) is authorized by law to issue refunding revenue bonds to refinance any obligations theretofore entered into by it; and

WHEREAS, the District has determined that it is in the best interests of the District is necessary and proper for District purposes that the District issue its 2015 San Mateo County Flood Control District Revenue Refunding Bonds (the “2015 Refunding Bonds”) to refund its outstanding obligations under that certain Installment Payment Agreement by and between the District and the San Mateo County Joint Powers Financing Authority (the “Authority”) dated as of November 1, 1997 (the “1997 Agreement”) and that certain Installment Payment Agreement by and between the District and the Authority dated as of October 1, 2004 (the “2004 Agreement,” and, together with the 1997 Agreement, the “Prior Agreements”); and

WHEREAS, the District has determined that all things necessary to cause the 2015 Refunding Bonds, when duly executed by the District and authenticated and delivered by the Trustee as provided herein, to be legal and valid special obligations of the District enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the purposes and uses herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution, authentication and delivery of the 2015 Refunding Bonds, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the District anticipates that additional series of refunding bonds may be issued pursuant hereto;

NOW THEREFORE, THE INDENTURE WITNESSETH, that in order to declare the conditions and terms upon and subject to which the 2015 Refunding Bonds and subsequent series of refunding Bonds are to be issued, and to secure the payment of the interest on and principal of and redemption premiums, if any, on all Bonds at any time executed, authenticated and delivered hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms contained herein and therein, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the purchase and acceptance of the 2015 Refunding Bonds and subsequent series of refunding Bonds by the respective registered owners thereof from time to time, and for other valuable consideration, the receipt whereof is hereby acknowledged, the District does hereby agree and covenant with the Trustee, for the benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

1997 Agreement

“1997 Agreement” shall mean that certain Installment Payment Agreement by and between the District and the Authority dated as of November 1, 1997.

1997 Certificates

“1997 Certificates” shall mean the \$15,780,000 San Mateo County Flood Control District 1997 Certificates of Participation (Colma Creek Flood Control Zone).

2004 Agreement

“2004 Agreement” shall mean that certain Installment Payment Agreement by and between the District and the Authority dated as of October 1, 2004.

2004 Certificates

“2004 Certificates” shall mean the \$10,380,000 San Mateo County Flood Control District 2004 Certificates of Participation (Colma Creek Flood Control Zone).

2015 Reserve Requirement

“2015 Reserve Requirement” means, as of any date of determination, one half (1/2) of the maximum annual interest and principal payments on the 2015 Refunding Bonds payable in the current or any future one-year period ending on August 1 hereunder, all as computed by the District under the Code and specified in writing to the Trustee.

2015 Refunding Bonds

“2015 Refunding Bonds” means the _____ dollars (\$_____) aggregate principal amount of the Bonds constituting the San Mateo County Flood Control District 2015 Revenue Refunding Bonds (Colma Creek Flood Control Zone) authorized, executed, issued and delivered by the District under and pursuant to the Law and under and pursuant hereto and that are secured hereby.

2015 Escrow Agent

“2015 Escrow Agent” means U.S. Bank, National Association, as the Successor Trustee for the 1997 Certificates and as Trustee for the 2004 Certificates.

2015 Escrow Agreement

“2015 Escrow Agreement” means that certain Escrow Agreement executed and entered into as of [July 1, 2015], by and between the District and the 2015 Escrow Agent relating to the prepayment of the Prior Agreements and the redemption of the Prior Certificates as provided therein.

2015 Escrow Fund

“2015 Escrow Fund” means the San Mateo County Flood Control District Revenue Refunding Revenue Bonds Escrow Fund established pursuant to the 2015 Escrow Agreement.

Accountant’s Report

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Board of Supervisors

“Board of Supervisors” means the Board of Supervisors of the District.

Bond Redemption Fund

“Bond Redemption Fund” means the Bond Redemption Fund established pursuant to Section 5.02.

Bond Reserve Fund

“Bond Reserve Fund” means the Bond Reserve Fund established pursuant to Section 4.02.

Bonds

“Bonds” means all bonds (including the 2015 Refunding Bonds) of the District authorized, executed, issued and delivered by the District under and pursuant to the Law and this Indenture, the payments of which are on a parity with each other and with the payment of the Installment Payments and which are secured by a pledge of and lien on the Revenues.

Board of the District

“Board of the District” means the Board of Supervisors of the County of San Mateo acting as the governing board of the District

Bond Year

“Bond Year” means (i) with respect to the initial Bond Year, the period commencing on the date the 2015 Refunding Bonds are originally issued and delivered and ending on the next succeeding August 1; and (ii) thereafter, the twelve (12)-month period commencing on August 1 of each calendar year and ending on the August 1 of the next succeeding calendar year; provided, that the term Bond Year as used in Section 5.05 shall be defined in the manner set forth in the Tax Certificate.

Business Day

“Business Day” means any day (other than a Saturday or a Sunday) on which banks in New York, New York, and the Trustee are open for business.

Certificate of the District

“Certificate of the District” means an instrument in writing signed by the County Manager on behalf of the District, the Director of Public Works of the County, or by any other officer of the District duly authorized by the Board of Supervisors for that purpose.

Code

“Code” means the Internal Revenue Code of 1986 and all then applicable regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Costs of Issuance

“Costs of Issuance” means all costs and expenses directly or indirectly payable by or reimbursable to the District related to the authorization, sale, execution and initial delivery of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the 2015 Escrow Agent (including fees and expenses of their counsel), rating agency fees, surety bond insurance premiums, legal fees and charges and fees and charges of other consultants and professionals, together with all fees and charges for preparation, execution and safekeeping of the Bonds, and any other cost, charge, fee or expense in connection with the authorization, sale, execution and initial delivery of the Bonds.

Costs of Issuance Fund

“Costs of Issuance Fund” means the San Mateo County Flood Control District Refunding Revenue Bonds Costs of Issuance Fund established pursuant to Section 3.01(b) or such other costs of issuance fund as may be created pursuant to a Supplemental Indenture, as applicable.

County

“County” means the County of San Mateo in the State of California.

Debt Service

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in Federal Securities which mature no later than the related Interest Payment Date, (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period; and (4) that portion of the Installment Payments required to be made at the times provided in the Installment Purchase Contracts that would have accrued during such period if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding installment payment date of interest or principal or the date of the pertinent Installment Purchase Contract, as the case may be.

District

“District” means the San Mateo County Flood Control District, a flood control district duly organized and existing under and by virtue of the laws of the State of California.

Event of Default

“Event of Default” means an event described as such in Section 8.01.

Federal Securities

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, or securities evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor and the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Financial Accounting Standards Board or its successor.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as a member of the Board of Supervisors or an officer or employee of the District, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

Installment Payments

“Installment Payments” means the installment payments of interest and principal scheduled to be paid by the District under and pursuant to the Installment Purchase Contracts.

Installment Purchase Contracts

“Installment Purchase Contracts” means all installment purchase contracts of the District authorized and executed by the District under and pursuant to the Law, the Installment Payments under which are payable on a parity with the payment of the Bonds and which are secured by a pledge of and lien on Revenues in accordance with Section 2.12.

Interest Payment Date

“Interest Payment Date” means any [February 1 or August 1] on which interest on any of the Bonds is scheduled to be paid.

Law

“Law” means the San Mateo County Flood Control District Act, California Statutes 1959, Chapter 2108, as amended, and all laws amendatory thereof or supplemental

thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds executed, authenticated and delivered hereunder except:

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid pursuant to Section 9.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the District and authenticated and delivered by the Trustee pursuant to Section 2.09.

Owner

“Owner” means the registered owner of any Outstanding Bond, as shown in the registration books maintained by the Trustee pursuant to Section 2.08.

Permitted Investments

“Permitted Investments” means any of the following to the extent then permitted by law:

- (1) Federal Securities;
- (2) any obligations which are then legal investments for moneys of the District under the laws of the State of California and comply with the District’s investment policy; provided that such investments shall be rated in the highest short-term or one of the three highest long-term rating categories by Moody’s and S&P;
- (3) money markets or mutual funds which are rated by S&P “AAAm-G” or “AAAm” or higher and, if rated by Moody’s, are rated “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;
- (4) the County of San Mateo Investment Pool; and
- (5) the Local Agency Investment Fund of the State of California. The Trustee may conclusively rely on the written instructions of the District that such investment is a Permitted Investment.

Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in St. Paul, Minnesota; provided, that for the purposes of the transfer, registration, exchange, payment and surrender of the Bonds, the term “Principal Corporate Trust Office” shall mean such office as may be designated by the Trustee from time to time.

Principal Payment Date

“Principal Payment Date” means any August 1 on which principal of any of the Bonds is scheduled to be paid.

Prior Agreements

“Prior Agreements” shall mean the 1997 Agreement and the 2004 Agreement.

Prior Certificates

“Prior Certificates” shall mean the 1997 Certificates and the 2004 Certificates.

Rebate Fund

“Rebate Fund” means the San Mateo County Flood Control District 2015 Revenue Refunding Bonds (Colma Creek Flood Control Zone) Rebate Fund established pursuant to Section 6.03.

Record Date

“Record Date” means, with respect to any Interest Payment Date, the January 15 or July 15, as the case may be, preceding such Interest Payment Date, whether or not such day is a Business Day.

Refunding Fund

“Refunding Fund” means the Refunding Fund established pursuant to Section 3.01(a).

Reserve Requirement

“Reserve Requirement” means, as of any date of determination, the 2015 Reserve Requirement and any additional reserve requirements established pursuant to a Supplemental Indenture to secure additional series of Bonds.

Revenues

“Revenues” means the revenues, income and investment earnings received by the District and allocable to the Zone, including the District’s share of taxes levied by the County upon property located within the Zone, except for any revenue restricted to a specific purpose and not legally available to pay Debt Service.

Revenue Fund

“Revenue Fund” means the San Mateo County Flood Control District Revenue Fund now existing in the treasury of the District.

Serial Bond

“Serial Bond” means a Bond for which no sinking fund payments are provided.

Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect which has been executed by the District and the Trustee, amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Surety Bond

“Surety Bond” means the surety bond issued to the trustee on behalf of the Owners of the 2015 Refunding Bonds, by [_____] deposited in the 2015 Reserve Account in the Reserve Fund (all as established by Section 5.03 hereof) to meet the Reserve Requirement.

Surety Provider

“Surety Provider” means _____, a [New York] mutual insurance corporation, or any successor thereto or assignee thereof.

Tax Certificate

“Tax Certificate” means the certificate, dated the date of the original issuance and delivery of the 2015 Refunding Bonds, with respect to the requirements of certain provisions of the Code, as such certificate may from time to time be amended or supplemented in accordance with its terms, or any additional Tax Certificate as may be executed and delivered in connection with a subsequent series of Bonds, as applicable.

Term Bond

“Term Bond” means a Bond which is payable on or before its specified maturity date from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Trustee

“Trustee” means [Trustee], a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, acting in its capacity as trustee under and pursuant hereto, and its successors or assigns, or any other bank or trust company or national banking association at its Principal Corporate Trust Office which may at any time be substituted in its place as provided in Section 7.01.

Written Request of the District

“Written Request of the District” means an instrument in writing signed by the County Manager or the Director of Public Works of the County of San Mateo on behalf of the District, or by any other officer of the District duly designated by the Director for that purpose.

Zone

“Zone” means the Colma Creek Flood Control Zone established pursuant to Section 87-10 of the Law and by Resolution No. 19762 of the Board, adopted April 7, 1964, as amended

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Trustee for the benefit of the Owners from time to time of all the Bonds executed, authenticated and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and the principal of and the redemption premiums, if any, on all such Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed on behalf of the District shall be for the equal and proportionate benefit, security and protection of the Owners from time to time of all Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2015 REFUNDING BONDS

SECTION 2.01. Authorization and Purpose of 2015 Refunding Bonds.

(a) The Board of Supervisors has reviewed all proceedings heretofore taken relative to the authorization of the 2015 Refunding Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by the Law to exist, happen and be performed precedent to the issuance of the 2015 Refunding Bonds do exist, have happened and have been performed in due time, form and manner as required by the Law, and that the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the 2015 Refunding Bonds under the Law in the aggregate principal amount of _____ dollars (\$ _____) in the form and manner provided herein. The 2015 Refunding Bonds shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated the “San Mateo County Flood Control District 2015 Revenue Refunding Bonds (Colma Creek Flood Control Zone)” and shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The 2015 Refunding Bonds may contain or have endorsed thereon such descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the 2015 Refunding Bonds are to be issued is to provide funds to the District which, together with other available funds of the District, will be sufficient to provide for the refunding of the Prior Agreements and cause the prepayment of the Prior Certificates (as provided in the 2015 Escrow Agreement), fund a deposit to the Bond Reserve Fund, and to pay all Costs of Issuance.

(c) From and after the issuance of the 2015 Refunding Bonds the findings and determinations of the Board of Supervisors respecting the 2015 Refunding Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such 2015 Refunding Bonds is at issue, and no bona fide purchaser of any of the 2015 Refunding Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for the 2015 Refunding Bonds. The validity of the issuance of the 2015 Refunding Bonds shall not be dependent on or affected in any way by any proceedings taken by the District for the payment and refunding of any of the Prior Agreements, and the recital contained in the 2015 Refunding Bonds that the 2015 Refunding Bonds are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all 2015 Refunding Bonds shall be incontestable from and after their issuance. The 2015 Refunding Bonds shall be deemed to be issued, within the meaning hereof, whenever the Prior Agreements have been fully paid and discharged.

SECTION 2.02. [Denominations of 2015 Refunding Bonds.](#) The 2015 Refunding Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of 2015 Refunding Bonds maturing at any one time).

SECTION 2.03. [Date and Maturity Dates of and Interest Rates on 2015 Refunding Bonds.](#) The 2015 Refunding Bonds shall be dated the date of the initial delivery thereof, and shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

Maturity Date
(August 1)

Principal
Amount

Interest
Rate

SECTION 2.04. [Interest Payment Dates of 2015 Refunding Bonds.](#) The interest on the 2015 Refunding Bonds shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable on August 1, 201[5], and semiannually thereafter on February 1 and August 1 in each year. The 2015 Refunding Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless they are authenticated on a day during the period from the day prior to a Record Date for an Interest Payment Date to such Interest Payment Date, both dates inclusive, in which event they shall bear interest from such Interest Payment Date, or unless they are authenticated on a day on or before the Record Date for the first Interest Payment Date, in which event they shall bear interest from their date; provided, that if at the time of authentication of any 2015 Refunding Bond interest is then in default on the Outstanding 2015 Refunding Bonds, such 2015 Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding 2015 Refunding Bonds.

SECTION 2.05. [Form of 2015 Refunding Bonds.](#) The 2015 Refunding Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A.

SECTION 2.06. [Payment of Bonds.](#) The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee, and the District and the Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the District nor the Trustee shall be affected by any notice or knowledge to the contrary. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.08 as the registered owner thereof at the close of business as of the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail on each Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds then Outstanding, payment shall be made at such Owner's

option by wire transfer on each Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions given by such Owner to the Trustee by the applicable Record Date. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.08 as the registered owner thereof, such principal and redemption premiums, if any, to be paid upon surrender of the Bonds at the Principal Corporate Trust Office of the Trustee at maturity or upon prior redemption. All such payments of interest on and principal of and redemption premiums, if any, on the Bonds shall be valid and effectual to satisfy and discharge the liability on such Bonds to the extent of the sum or sums so paid.

SECTION 2.07. [Execution of Bonds.](#) The Bonds shall be signed on behalf of the District by the manual or facsimile signature of the [President and Clerk of the Board of Supervisors acting as the President and Clerk of the Board of the District], whereupon they shall be delivered to the Trustee for authentication and delivery by the Trustee to the purchaser thereof upon receipt of a Written Request of the District; provided, that in case any officer of the District who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser thereof by the Trustee, such Bonds may nevertheless be delivered by the Trustee, and upon such delivery shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery; and provided further, that any Bond may be signed on behalf of the District by any person who on the actual date of the execution of such Bond shall be the proper officer of the District, although on the nominal date of such Bond such person shall not have been such officer of the District. Only those Bonds that bear thereon a certificate of authentication manually executed by the Trustee shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of authentication of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed and delivered hereunder and are entitled to the benefits hereof.

SECTION 2.08. [Transfer and Exchange of Bonds.](#) The Trustee shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Bonds, which books shall at all times during normal business hours and upon reasonable prior notice be open to inspection by the District. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same maturity date and in authorized denominations in the same aggregate principal amount.

SECTION 2.09. [Mutilated, Destroyed, Stolen or Lost Bonds.](#) In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Trustee and upon the surrender of such mutilated Bond at the Principal

Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss and upon receipt of indemnity satisfactory to the Trustee, and also upon payment of all expenses incurred by the District and the Trustee in the premises, the District shall execute and the Trustee shall authenticate and deliver at such office a new Bond or Bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Trustee shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost; provided, that if any such destroyed, stolen or lost Bond shall have matured, payment of the amount due thereon may be made by the District upon receipt of like proof, indemnity and payment of expenses.

Any replacement Bonds issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder, and the District and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same.

SECTION 2.10. [Temporary Bonds](#). The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate, and each temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds in authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued hereunder.

SECTION 2.11. [Use of Depository for Bonds](#).

(a) Notwithstanding anything to the contrary contained herein, the Bonds shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be initially issued as one Bond for each of the maturities in the principal amounts set forth in Section 2.03, and The Depository Trust Company, New York, New York, is hereby appointed initial depository for the Bonds. After the initial registration of the Bonds, registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall

be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository not objected to by the Trustee, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository; or (2) a determination by the District to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository; or (2) a determination by the District to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Bonds by the Trustee, together with a Written Request of the District to the Trustee, a new Bond for each maturity shall be executed, authenticated and delivered in the aggregate principal amount of the Bonds, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of all Bonds by the Trustee, together with a Written Request of the District to the Trustee, new Bonds shall be executed, authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such Written Request of the District, subject to the limitations of Section 2.02, and thereafter the Bonds shall be transferred pursuant to the terms of Section 2.08; provided, that the Trustee shall not be required to deliver such new Bonds on a date prior to sixty (60) days after receipt of such Written Request of the District.

(c) The District and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by the District or the Trustee, and the District and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except to The Depository Trust Company or its successor (or substitute depository or its successor) as an Owner of any Bonds.

(d) So long as the Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee shall cooperate with Cede & Co., as sole Owner, or its registered assigns, in effecting payment of the interest on and principal of and redemption premiums, if any, on the Bonds by arranging for payment in such manner

that funds for such payments are properly identified and are made immediately available on the date they are due.

SECTION 2.12. Additional Bonds and Installment Payment Contracts.

Provided that the District is not in default under this agreement, the District may at any time execute any Installment Payment Contract the Installment Payments under and pursuant to which, as the case may be, are payable from the Revenues on a parity with the payment by the District of the Bonds; provided, the Revenues for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the execution of such Contract, as evidenced by both a calculation prepared by the District and either a Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, shall have produced a sum equal to at least one hundred twenty per cent (120%) of the maximum annual Debt Service on all Bonds and Installment Payment Contracts outstanding after the execution of such Contract.

There shall be no limitations on the ability of the District to (i) to issue any Bonds at any time to refund any outstanding Bonds or any outstanding Installment Payment Contract (provided that such refunding produces at least \$1 of net present value savings); or (ii) execute any Contract or issue any Bonds which are payable from Revenues on a subordinate basis to the payment by the District of the Bonds.

ARTICLE III

APPLICATION OF PROCEEDS

SECTION 3.01. Application of Proceeds of Sale of 2015 Refunding Bonds.

Upon the receipt of payment of the purchase price of the 2015 Refunding Bonds when the same shall have been duly sold by the District, the Trustee shall (upon receipt of a Written Request of the District) set aside and deposit such net purchase price of the 2015 Refunding Bonds in the following funds, in the following order:

(a) the Trustee shall deposit in the "San Mateo County Flood Control District 2015 Revenue Refunding Bonds (Colma Creek Flood Control Zone) Refunding Fund" (which fund the Trustee shall establish and maintain) an amount of such proceeds equal to \$_____; and on the date of such deposit, the Trustee shall transfer all money in the Refunding Fund to the 2015 Escrow Agent for deposit in the 2015 Escrow Fund (and thereupon the Trustee shall close the Refunding Fund), which money, will be sufficient for the 2015 Escrow Agent on the date of such deposit to purchase those certain securities specified in the 2015 Escrow Agreement the interest on and principal of which, together with the unexpended money from such initial deposit remaining in the 2015 Escrow Fund, will be sufficient (in the determination of an Independent Certified Public Accountant, who shall certify such determination in writing to the District and the 2015 Escrow Agent) to provide for the payment and discharge of the Prior Agreements and [together with proceeds from the reserve fund established with respect to the Prior Certificates in the amount of \$_____] , Prior Certificates; and

(b) the Trustee shall deposit in the "San Mateo County Flood Control District Revenue Refunding Bonds Costs of Issuance Fund" (which fund the Trustee shall establish and maintain) the remainder of such proceeds, being the amount of \$_____. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon receipt of a Written Request of the District filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against such fund; provided, that on December 1, 2015, or upon a prior determination by the District that all Costs of Issuance have been paid (as set forth in a Certificate of the District so determining filed with the Trustee), any balance of money remaining in the Costs of Issuance Fund shall be withdrawn from the Costs of Issuance Fund by the Trustee and deposited in the Bond Redemption Fund.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Redemption of 2015 Refunding Bonds.

(a) The 2015 Refunding Bonds maturing on or after May 1, 20__ shall be subject to redemption prior to their stated maturity date at the option of the District, from any source of available funds, as a whole or in part on any date on or after _____, at a redemption price equal to the principal amount of such 2015 Refunding Bonds called for redemption, together with accrued interest thereon to the date fixed for redemption, without premium.

(b) The District shall give the Trustee written notice at least thirty (30) days (or such lesser time period acceptable to the Trustee) before any date fixed for the redemption of the 2015 Refunding Bonds called for redemption pursuant to Section 3.01(a), designating the portion thereof called for redemption and the date of such redemption.

SECTION 4.02. Partial Redemption of Bonds. If less than all of the Bonds are to be redeemed at any one time, the District shall select the maturities of the Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. If less than all Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the District in writing of the numbers of such Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately redeemed.

SECTION 4.03. Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date to (i) the respective Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) the Securities Depositories; and (iii) the Municipal Securities Rulemaking Board. Notice of redemption to the Securities Depositories and the Municipal Securities Rulemaking Board shall be given by registered mail or overnight delivery or facsimile transmission. Each notice of redemption shall

state the date of such notice, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the CUSIP number of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed, the redemption price thereof and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for redemption of such Bonds or the cessation of the accrual of interest on the redemption date.

In the event of redemption of Bonds, the Trustee shall mail a notice of redemption upon receipt of a Written Request of the District but only after the District shall file a Certificate of the District with the Trustee that on or before the date set for redemption, the District will deposit with or otherwise make available to the Trustee for deposit in the "Redemption Fund" the money required for payment of the redemption price, including accrued interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice.

SECTION 4.04. Mandatory Sinking Fund Redemption. The 2015 Refunding Term Bonds maturing on August __, 20__ shall be subject to mandatory sinking fund redemption prior to maturity, in part on August 1 of each year on and after August __, 20__ by lot, from and in the amount of the Mandatory Sinking Fund Payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date without premium.

Date
(August 1)

Mandatory Sinking Fund Payment

SECTION 4.05. Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the District, if it so requests, and shall not be reissued.

SECTION 4.06. Conditional Notice of Redemption. Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the District shall not be required to redeem such Bonds and the redemption shall be cancelled and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

SECTION 4.07. Rescission or Cancellation of Redemption. The District shall have the right to rescind any optional redemption by written notice of rescission. In addition, any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Any such rescission or cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission or cancellation of such redemption in the same manner as the original notice of redemption was sent.

ARTICLE V

REVENUES

SECTION 5.01. Pledge of Revenues. All Revenues are hereby irrevocably pledged to the payment of the Bonds and all other Installment Purchase Contracts in accordance with the terms thereof as provided herein and therein; provided, that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted by this article. This pledge shall constitute a first and exclusive lien on the Revenues for the payment of the Bonds and all other Installment Purchase Contracts in accordance with the terms hereof and thereof.

SECTION 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in the San Mateo County Flood Control District Revenue Fund (Colma Creek Zone) (the "Revenue Fund"), which fund the District agrees and covenants to maintain so long as any Bonds remain Outstanding. [In each year, after accumulating in the Revenue Fund an amount equal to the deposits to the Interest Fund, Principal Fund, and Redemption Fund set forth below, any remaining money in the Revenue Fund shall be surplus funds, which surplus funds shall be applied for any lawful purpose of the District][This language to be finalized by County staff.].

The District shall transfer the following amounts from the Revenue Fund into the following respective funds at the times and in the manner and priority described hereinafter, which funds the Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding. The money in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Interest Fund. On or before the 25th day of the month next preceding each Interest Payment Date (commencing on [July 25th, 2015]), shall deposit in the Interest Fund an amount equal to the interest becoming due and payable to but not including such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds to but not including their respective Interest Payment Dates.

(b) Principal Fund. On or before the 25th day of the month next preceding each Principal Payment Date (commencing on [July 25th, 2015]), The District shall deposit in the Principal Fund an amount equal to the principal of the Bonds becoming due and payable on such date. All moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds on their respective Bond Payment Dates or redemption dates.

(c) Redemption Fund. At the time that any payment is due to the Trustee for the purpose of optional or mandatory redemption, the District shall deposit in the Redemption Fund an amount equal to the principal amount of, and interest on the Bonds being redeemed, plus the redemption premium, if any. All money in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of, interest on, and redemption premium, if any due on the Bonds on their respective redemption dates.

(d) Excess Funds. Unless the District shall otherwise direct in writing, any amounts remaining in the Interest, Principal, and Redemption Funds on the Business Day following August 1 of each year shall be returned to the District for deposit in the Revenue Fund.

SECTION 5.03. Reserve Fund. (i) On the date of delivery of the Bonds, the District shall deliver or cause to be delivered to the Trustee the Surety Bond for credit to the 2015 Reserve Account in the Reserve Fund, which fund and account the District hereby establishes, the 2015 Reserve Account to be held by the Trustee hereunder until the 2015 Refunding Bonds are paid or provision for their payment has been made.

(ii) All amounts in the 2015 Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Fund or the Principal Fund, in that order, only in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the principal of or interest on the 2015 Refunding Bonds;

(iii) In the event and to the extent that moneys on deposit in the Interest Fund and the Principal Fund are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of the Surety Provider of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due under the this Indenture has not been made to the Trustee; or (ii) the payment date of the 2015 Refunding Bond as specified in the Demand for Payment presented by the Trustee to the General Counsel of the Surety Provider, the Surety Provider will make a deposit of funds in an account with the Trustee or its successor, in

New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under this Indenture (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(iv) The Trustee shall, after submitting to the Surety Provider the Demand for Payment as provided in (iii) above, make available to the Surety Provider all records relating to the Funds and Accounts maintained under this Indenture.

(v) The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the 2015 Reserve Account to the extent of moneys received pursuant to such Demand.

(vi) The 2015 Reserve Account only secures, and amounts therein may only be used for payment on, the 2015 Refunding Bonds. The District may create additional reserve accounts in the Reserve Fund to secure additional series of Bond pursuant to the terms set forth in a Supplemental Indenture.

(vii) Regardless of any change in rating of the Surety Provider providing the Surety Bond after the deposit of the Surety Bond in the 2015 Reserve Account, the District shall be under no obligation to replace the Surety Bond or to deposit cash into the 2015 Reserve Account.

ARTICLE VI

COVENANTS OF THE DISTRICT

SECTION 6.01. Punctual Payment. The District will punctually budget for and pay the interest on and principal of and redemption premiums, if any, on the Bonds in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Bonds required to be observed and performed by it.

SECTION 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on the Revenues except as provided herein. The District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on any Revenues then remaining in the Revenue Fund as provided in the last sentence of Section 2.12 ; provided, that such pledge and lien shall be subordinate in all respects to the pledge of and lien on the Revenues provided herein.

SECTION 6.03. Tax Covenants and Matters; Rebate Fund. In addition to the funds established pursuant to Article IV, the District hereby agrees and covenants to establish

and maintain with the Trustee a fund separate from any other fund established and maintained hereunder to be known as the "Rebate Fund." Upon receipt of a Written Request of the District, there shall be deposited in the Rebate Fund such amounts furnished by the District as are required to be deposited therein pursuant to the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds, and all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as that term is defined in the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds), for payment to the United States of America; and notwithstanding the provisions hereof relating to the pledge of Revenues, the allocation of money in the Rebate Fund, the investments of money in any fund and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this section and by the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds (which are incorporated herein by reference) and by all Written Requests of the District related thereto filed with the Trustee, and the Trustee shall follow all such Written Requests of the District, and shall have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds; provided, that notwithstanding any provisions of this section, if the District shall provide to the Trustee an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the Bonds, the District and the Trustee may conclusively rely on such opinion in complying with the requirements of this section, and, notwithstanding anything to the contrary contained herein, the agreements and covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.04. [Payment of Claims](#). The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or any part thereof or on any funds in the hands of the District prior to or superior to the lien of the Bonds or which might impair the security of the Bonds; provided, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

SECTION 6.05. [Payment of Taxes and Compliance With Governmental Regulations](#). The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

SECTION 6.06. [Financial Statements and Other Reports](#). (a) The District will prepare and file with the Trustee, as a supplement to the financial statements of the County, annually within ten (10) months after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2015), financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon and a special report prepared by the Independent Certified Public Accountant who examined such financial statements stating that nothing came to his attention in connection with such examination that caused him to believe that the District was not in

compliance with any of the financial agreements or financial covenants contained herein. The Trustee shall have no duty to review such financial statements.

(b) On or before the first day of November in each Fiscal Year commencing with Fiscal Year 2015-16, the District will file with the Trustee a budget approved by the Board of Supervisors of the County which includes all payments on Outstanding Bonds and Installment Payment Contracts. Any budget may be amended at any time during any Fiscal Year and such amended budget shall be filed by the District with the Trustee.

SECTION 6.07. [Protection of Security and Rights of Owners](#). The District will preserve and protect the security of the Bonds and the rights of the Owners hereunder, and will warrant and defend such rights against all claims and demands of all persons.

SECTION 6.08. [Continuing Disclosure](#). The District will comply with and carry out all of the provisions of any Continuing Disclosure Certificates (each a “Continuing Disclosure Certificate”) executed by the District and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the District to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; provided, that the Trustee may, and at the request of the Owners of at least twenty-five per cent (25%) in aggregate principal amount of Outstanding Bonds whose Owners are beneficiaries of the Continuing Disclosure Certificate, shall (but only to the extent it is indemnified to its satisfaction, including indemnification from and against attorneys’ fees), or any Owner or Beneficial Owner (as that term is defined in the Continuing Disclosure Certificate) may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this section.

SECTION 6.09. [Further Assurances](#). The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Owners of the rights and benefits provided to it herein.

ARTICLE VII

[THE TRUSTEE](#)

SECTION 7.01. [The Trustee](#). [Trustee] at its Principal Corporate Trust Office, is hereby appointed Trustee hereunder for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply such money as provided herein.

The District at any time may (prior to the occurrence of an Event of Default which shall then be continuing), upon any breach of the trust set forth herein, remove any Trustee and appoint any successor thereto upon thirty (30) days’ written notice to the removed Trustee; provided, that any such successor Trustee shall be a bank or trust company or national banking association with a principal corporate trust office in Los Angeles or San Francisco,

California, and that has a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars (\$100,000,000) and is subject to supervision or examination by federal or state authority. If such bank or trust company or national banking association publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books maintained by the Trustee pursuant to Section 2.08. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, that if no such successor shall have been appointed by the District within thirty (30) days after the receipt by the District of such notice, the resigning Trustee may petition any court of competent jurisdiction to appoint a successor Trustee.

Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only after a successor Trustee shall have been appointed and only upon the acceptance of appointment by the successor Trustee.

The Trustee is hereby authorized and directed to pay the interest on the Bonds on each Interest Payment Date as provided herein and to pay the principal of and the redemption premiums, if any, on the Bonds when duly presented for payment at maturity or on redemption prior to maturity, and to cancel and destroy all Bonds upon payment thereof and to deliver evidence of such cancellation and destruction to the District.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its duties and obligations hereunder, and indemnify and save the Trustee and its officers, directors, employees and agents harmless against any costs, expenses, losses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its duties and obligations hereunder. The Trustee's rights to indemnification and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated, or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party, or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, if such bank or trust company would be eligible under this section to serve as Trustee, shall be the successor Trustee hereunder without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 7.02. [Liability of Trustee](#). The recitals of facts, agreements and covenants contained herein and in the Bonds shall be taken as statements, agreements and covenants of the District, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the validity or sufficiency hereof or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of any Bonds, and shall not incur any responsibility in respect of any of the foregoing other than in connection with the duties or obligations assigned to or imposed upon it hereunder. The Trustee shall not be liable in connection with the performance of its duties and obligations hereunder except for its own negligence or willful misconduct.

The Trustee shall be under no obligation to exercise any of the rights vested in it hereunder at the request or direction of any Owner pursuant hereto unless such Owner shall have offered to the Trustee security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Except during the continuance of an Event of Default,

(a) the Trustee undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth herein, and no implied duties or obligations shall be read herein against the Trustee; and

(b) in the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements hereof.

In case an Event of Default has occurred and is then continuing, the Trustee shall exercise such rights vested in it hereby, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be accountable for the use by the District of any money which the Trustee releases to the District or which the District otherwise receives, or to verify compliance by the District with the provisions of Section 4.02 or Section 2.12. The Trustee shall not have any obligation to incur any financial or other liability or risk in performing any duty or obligation or in exercising any right or remedy hereunder. The Trustee shall be entitled to interest on all amounts advanced by it hereunder at the maximum interest rate permitted by law. The Trustee in its individual or other capacity may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default (other than a payment default hereunder) until an officer of the Trustee at its Principal Corporate Trust Office has been notified by the District in writing that such an Event of Default has occurred. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the agreements, conditions, covenants or terms hereof or of any of the documents executed in connection with the Bonds.

The Trustee shall not have any duty to review any financial statement filed with it by the District.

Before taking action under Article IX or upon the direction of the Owners, the Trustee may require that indemnity satisfactory to it be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

SECTION 7.03. [Notice to Trustee](#). The Trustee shall be protected in acting upon any bond, certificate, consent, indenture, notice, order, report, request, requisition or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

ARTICLE VIII

[AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE](#)

SECTION 8.01. [Procedure for Amendment of or Supplement to the Indenture](#). The Indenture and the rights and obligations of the District and of the Owners may be amended or supplemented at any time by a Supplemental Indenture which shall become binding when the written consents of Owners of more than fifty per cent (50%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 7.02) are filed with the Trustee; provided, that no such amendment or supplement shall (1) extend the maturity of any Bond, or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the interest thereon or the principal thereof or any redemption premium thereon or to pay any sinking fund account payment therefor at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Owner of such Bond; or (2) permit the creation by the District of any mortgage, pledge or lien upon the Revenues and the other funds provided herein superior to or on a parity with the pledge and lien created herein for the benefit of the Bonds and the Installment Purchase Contracts; or (3) reduce the percentage of Bonds required for the written

consent to any amendment hereof or supplement hereto; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Owners may also be amended or supplemented at any time by a Supplemental Indenture which shall become binding upon execution, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements and covenants of the District contained herein other agreements and covenants thereafter to be observed, or to surrender any right or remedy herein reserved to or conferred upon the District;

(b) to make such provisions for the purpose of curing any ambiguity contained herein or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder as the District may deem necessary or desirable and not inconsistent herewith, which shall not materially adversely affect the interests of the Owners;

(c) to provide for the issuance of any additional Bonds and to provide the terms and conditions under which such additional Bonds may be issued, subject to and in accordance with the provisions hereof;

(d) to amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other agreements, conditions, covenants and terms as may be permitted by said act or any similar federal statute, which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) to maintain the exclusion under the Code of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest from State of California personal income taxes;

(f) to the extent necessary to obtain a municipal bond insurance policy or to maintain any then-existing rating on the Bonds or to satisfy all or a portion of the Reserve Requirement by crediting a policy of insurance, a surety bond or a letter of credit or other comparable credit facility to the Bond Reserve Fund;

(g) for any other purpose that does not materially adversely affect the interests of the Owners.

The Trustee may conclusively rely upon and accept an Opinion of Counsel that an amendment hereof is in conformity with the provisions of this article.

SECTION 8.02. Disqualified Bonds. Any Bonds owned or held by or for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for herein, and shall not be entitled to consent to, or take any other action provided for herein.

SECTION 8.03. Endorsement or Replacement of Bonds After Amendment.

After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Bond Outstanding on such effective date and presentation of such Owner's Bond for the purpose at the Principal Corporate Trust Office, a suitable notation as to such action shall be made on such Bond; provided, that if the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 8.04. Amendment by Mutual Consent.

The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

SECTION 8.05. Notice to and Consent of Owners.

If consent of the Owners of the Bonds is required under the terms of this Indenture for the amendment of this Indenture or for any other similar purpose, the District shall cause notice of the proposed amendment to be given by first-class mail to the Owners of the Outstanding Bonds then shown on the registration books for the Bonds. Such notice shall briefly set forth the nature of the proposed amendment or other action and shall state that copies of any such amendment are on file at the office of the District and the Principal Corporate Trust Office of the Trustee for inspection by all Owners of the Bonds. If, within sixty (60) days or such longer period as shall be prescribed by the District following the mailing of such notice, the Owners of the requisite principal amount of the Bonds Outstanding by instruments filed with the District shall have consented to the amendment or other proposed action, then the District may adopt or execute, as appropriate, such amendment or take such proposed action and the consent of the Owners shall thereby be conclusively presumed. Such instruments filed with the District may include documents, including Certificates of the District, stating that Owners of Bonds have consented to an amendment by purchasing such Bonds if the official statement or other disclosure document related to such purchase disclosed that the purchase of the Bonds was deemed to mean that the Owners consented to the amendment.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 9.01. Events of Default.

Each of the following events (each an "Event of Default") shall constitute a default hereunder:

- (a) if default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;
- (b) if default shall be made in the due and punctual payment of the principal of or the redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(c) if default shall be made by the District in the observance or performance of any of the other agreements, conditions, covenants or terms on its part contained herein or in the Bonds, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Trustee; provided, that such default shall not constitute an Event of Default hereunder if the District shall commence to cure such default within such thirty (30)-day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time; or

(d) if the District shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or the State of California, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or the State of California, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(e) if the District shall fail to pay any Installment Payment when due under any Installment Purchase Contract;

SECTION 9.02. Application of Funds Upon Default; No Acceleration. If an Event of Default shall occur and be continuing, the District shall immediately transfer to the Trustee all Revenues held by it and the Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (excluding the Rebate Fund) in the following order:

First, to the payment of the costs, fees and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, attorneys and counsel, and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

Second, upon presentation of the several Bonds and Installment Purchase Contracts, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the principal of and interest on the Bonds and Installment Payment Contracts in the order in which they become due.

Third, to any other obligations of the District then due and payable.

SECTION 9.03. Remedies of Owners. In an Event of Default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated to:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the officers and employees of the District, and to compel the District or any such officers or employees to perform and carry out their duties under the Law and their agreements and covenants with the Owners as provided herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its officers and employees to account for the Revenues as the trustee of an express trust.

SECTION 9.04. [Non-Waiver](#). Nothing in this article or in any other provision hereof, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and the principal of and the redemption premiums, if any, on the Bonds to the respective Owners of the Bonds at the scheduled dates of maturity or upon prior redemption as herein provided out of the Revenues and the other funds provided herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and herein.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach, and no delay or omission by any Owner to exercise any right accruing upon any default hereunder shall impair any such right or shall be construed to be a waiver of any such default or an acquiescence therein, and every remedy conferred upon the Owners by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 9.05. [Actions by Trustee as Attorney-in-Fact](#). Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, that the Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense, including without limitation fees and expenses of its attorneys

SECTION 9.06. [Remedies Not Exclusive](#). No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Bonds. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then the Owners of such Bonds shall cease to be entitled to the pledge of Revenues and the other funds provided herein, and all agreements, covenants and other obligations of the District to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Any Outstanding Bonds shall prior to the scheduled maturity dates thereof be deemed to have been paid within the meaning of and with the effect expressed in the first paragraph of this section (except that the District shall remain liable for the payment of such Bonds, but only from the money deposited with the Trustee as herein provided) if there shall have been deposited with the Trustee money to be held in trust by the Trustee sufficient for such payment at the maturity dates thereof or the redemption dates thereof.

Any Outstanding Bonds shall prior to the scheduled maturity dates thereof be deemed to have been paid within the meaning of and with the effect expressed in the first paragraph of this section (except that the District shall remain liable for the payment of such Bonds, but only from the money or Federal Securities deposited with the Trustee as herein provided) if (1) there shall have been deposited with the Trustee either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the interest on and the principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant obtained by the District and filed with the Trustee) to pay when due the interest to become due on such Bonds on and prior to the maturity dates thereof or the redemption dates thereof and the principal of and the redemption premiums, if any, on such Bonds on the maturity dates thereof or the redemption dates thereof; and (2) the District shall have given the Trustee (in form satisfactory to the Trustee) irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (1) of this paragraph has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section, and stating the maturity dates thereof or the redemption dates thereof upon which money is to be available for the payment of the principal of and the redemption premiums, if any, on such Bonds; provided, that no Federal Securities or money deposited with the Trustee pursuant to this section (nor any interest on or principal payments of such Federal Securities) shall be withdrawn or used for any purpose other than, and such Federal Securities and money shall be held in trust for, the payment of the interest on and the principal of and the redemption premiums, if any, on such Bonds as provided herein, except that any money received from such interest on or principal payments of such Federal Securities deposited with the Trustee which is not then needed for the foregoing purpose shall, to the extent practicable, be reinvested as specified in a Written Request of the District filed with the Trustee in Federal Securities maturing at the times and in the amounts sufficient to pay when due the interest on and

the principal of and the redemption premiums, if any, on such Bonds on and prior to such maturity dates thereof or redemption dates thereof, and all interest earned from such reinvestments shall be deposited in the Revenue Fund.

After the payment of the interest and principal and redemption premiums, if any, on all Outstanding Bonds as provided in this section, the Trustee shall (after the payment of all amounts due to it hereunder) execute and deliver to the District all such instruments as may be necessary or desirable to evidence the discharge and satisfaction hereof, and the Trustee shall pay over or deliver to the District all money or deposits or investments held by it pursuant hereto which are not required for the payment of the interest and principal and redemption premiums, if any, on the Bonds.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or the principal of or the redemption premiums, if any, on any of the Bonds which remains unclaimed for two (2) years after the date when such payments have become due and payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such payments became due and payable, shall be repaid by the Trustee to the District as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the making of such payments; provided, that before being required to make any such payment to the District, the Trustee shall mail by first class mail to the Owners of such Bonds (at the expense of the District) at their addresses as they appear in the registration books maintained by the Trustee pursuant to Section 2.08 a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of District Limited to Revenues and Certain Other Funds. Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the Revenues and the other funds provided herein for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds or for the observance or performance of any agreements, conditions, covenants or terms contained herein (except that the District's obligation to pay the Rebate Requirement (as that term is defined in the Tax Certificate) to the United States of America shall be considered a general obligation of the District and shall be payable from any available funds of the District); provided, that the District may advance funds for any such payment as long as such funds are derived from a source legally available for such purpose.

The Bonds are special obligations of the District and are payable, as to the interest thereon and the principal thereof and the redemption premiums, if any, thereon, solely from the Revenues and such other funds, and the District is not obligated to pay them except from the Revenues and such other funds. All of the Bonds and the Installment Purchase Contracts and the

Bonds are equally secured by a pledge of, and charge and lien upon, the Revenues and such other funds, and the Revenues and such other funds constitute a trust fund for the security and payment of the interest on and the principal of and the redemption premiums, if any, on the Bonds and the Installment Purchase Contracts as provided herein. The Bonds are not a debt of the District, the State of California or any of its political subdivisions, and neither the District, the State of California nor any of its political subdivisions is liable therefor, nor in any event shall the Bonds or any interest thereon or any redemption premiums thereon be payable out of any funds or properties other than those of the District. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation or restriction, and no persons executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

SECTION 11.02. Benefits of the Indenture Limited to Certain Parties. Nothing herein, expressed or implied, is intended to give to any person other than the District the Trustee and the Owners any right or remedy under or by reason hereof, and any agreements, conditions, covenants or terms hereof required to be observed or performed by and on behalf of the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.03. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the District or any officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the District's facilities, that are presently vested in the District or such officer or employee, and all the agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.04. Execution of Documents by Owners. Any consent, declaration, request or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such consent, declaration, request or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state, territory or commonwealth in which he purports to act that the person signing such consent, declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Any consent, declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District in good faith and in accordance therewith.

SECTION 11.05. Waiver of Personal Liability. No member of the Board of Supervisors or officer or employee of the District shall be individually or personally liable for the payment of the interest on or the principal of or the redemption premiums, if any, on the

Bonds; but nothing contained herein shall relieve any member of the Board of Supervisors or officer or employee of the District from the performance of any official duty provided by law or provided herein.

SECTION 11.06. [Acquisition of Bonds by District.](#) All Bonds acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation and destruction.

SECTION 11.07. [Content of Certificates and Reports.](#) Every certificate or report with respect to compliance with an agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representation by counsel unless such officer knows that the certificate or opinion or representation with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon the opinion of or representation by an officer or officers of the District unless such counsel knows that the opinion or representation with respect to the matters upon which his opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

SECTION 11.08. [Investment of Money in Funds.](#) Upon receipt of a Written Request of the District by the Trustee at least two (2) Business Days prior to the date of such investment, all money in the Bond Redemption Fund or the Bond Reserve Fund or the Rebate Fund shall be invested by the Trustee in those Permitted Investments specified in such Written Request of the District; provided, that the Trustee shall be under no liability for the purchase of any Permitted Investment in accordance with any such Written Requests or any losses thereon; and provided further, that the Permitted Investments in which money in the Bond Redemption Fund or the Rebate Fund shall be invested shall mature prior to the date on which such money is estimated to be required to be paid out hereunder or thereunder, and the Permitted Investments in which money in the Bond Reserve Fund shall be invested shall be obligations that mature no later than five (5) years from the date of purchase thereof by the Trustee or on the final scheduled maturity date of the Bonds, whichever date is earlier; and provided further, that in the absence of any such Written Request of the District regarding investments, the Trustee shall invest such money in those investments defined in clause (v) of the definition of Permitted Investments. Any interest, income or profits from the deposits or investments of money in the Rebate Fund

shall remain in the Rebate Fund, and on June 1 and December 1 of each year (beginning on December 1, 2015) any interest, income or profits from the deposits or investments of money in the Bond Redemption Fund and in the Bond Reserve Fund shall be deposited in the Revenue Fund, and except that so long as the amount on deposit in the Bond Reserve Fund is less than the Reserve Requirement, all such interest, income or profits shall be deposited in the Bond Reserve Fund. For purposes of determining the amount on deposit in any fund held hereunder, all investments credited to such fund shall be valued at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (12) months after the date of valuation, at the price at which such investments are redeemable by the holder, at his option, if so redeemable, or if not so redeemable, at the market value of such investments, and except as otherwise provided in this section, Permitted Investments or Federal Securities representing an investment of money attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of such fund.

Notwithstanding anything to the contrary contained herein, in making any valuations of investments hereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and may rely thereon. The Trustee or its affiliates may act as principal or agent in the making or disposing of any investment and may also act as sponsor, advisor or manager in connection with any investments. The Trustee may commingle the accounts and funds established hereunder for investment purposes, but shall account for each account and fund separately. The Trustee shall have no liability for any losses incurred with respect to any investment acquired or disposed of in accordance with this section. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District will not receive such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

SECTION 11.09. [Notice by Mail](#). Any notice required to be given by mail to any Owners or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Owners at their addresses appearing in the registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 11.10. [Maintenance of Funds](#). Any fund required hereby to be established and maintained by the District or the Trustee may be established and maintained in the accounting records of the District or the Trustee either as an account or fund, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or as a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 11.11. [Business Days](#). When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day that is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 11.12. [Article and Section Headings, Gender and References](#). The headings or titles of the several articles and sections hereof (and in the table of contents appended hereto) shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders, and all references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 11.13. [Governing Law](#). The Indenture shall be governed and construed in accordance with the Law and the laws of the State of California.

SECTION 11.14. [Notices](#). Whenever any notice is required to be given hereunder, such notice shall be mailed, first class mail, postage prepaid to the following parties at the following addresses:

If to the District:

San Mateo County Flood Control District
c/o Department of Public Works
555 County Center, 5th Floor
Redwood City, CA 94063-1665

If to the Trustee:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services

SECTION 11.15. [Partial Invalidity](#). If any one or more of the agreements, conditions, covenants or terms or portions thereof provided herein to be observed or performed on the part of the District or of the Trustee should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions,

sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.16. [Execution in Several Counterparts](#). The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the San Mateo County Flood Control District has caused the Indenture to be executed in its name and on its behalf by the General Manager of the District and to be attested by the Secretary of the Board of Supervisors of the District, and has caused its seal to be hereunto affixed, and [Trustee], as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be executed in its corporate name by its duly authorized officer, all as of the date and year first above written.

SAN MATEO COUNTY FLOOD CONTROL
DISTRICT

By: _____
General Manager

[SEAL]

ATTEST:

Secretary of the Board of Supervisors

[TRUSTEE], AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2015 REFUNDING BONDS

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN MATEO

SAN MATEO COUNTY FLOOD CONTROL DISTRICT
2015 REVENUE REFUNDING BOND
(COLMA CREEK FLOOD CONTROL ZONE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Bond Date</u>	<u>CUSIP</u>
_____%	August 1, ____	July __, 2015	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The San Mateo County Flood Control District, a flood control district duly organized and existing under and pursuant to the laws of the State of California (the "District"), for value received hereby promises to pay (but only from the Revenues and the other funds hereinafter referred to) to the registered owner set forth above on the maturity date set forth above the principal amount set forth above (subject to any right of prior redemption hereinafter provided for), together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on a day during the period from the day prior to a Record Date (as that term is hereinafter defined) for an interest payment date to such interest payment date, both dates inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on a day on or before the Record Date for the first interest payment date, in which event it shall bear interest from its date) until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable on August 1, 201[5], and semiannually thereafter on February 1 and August 1 in each year. The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by [Trustee] (the "Trustee") at its Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") as the registered owner hereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date (each, a "Record Date"), with such interest to be paid by check mailed by first class mail on each interest payment date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds then outstanding, payment shall be made at such

owner's option by wire transfer on each interest payment date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions given by such owner to the Trustee by the applicable Record Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid upon surrender of this Bond to the Trustee at its Principal Corporate Trust Office at maturity or upon prior redemption. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Bonds of the District in the aggregate principal amount of _____ dollars (\$_____) designated the "San Mateo County Flood Control District 2015 Revenue Refunding Bonds (Colma Creek Flood Control Zone)" (the "Bonds") issued by the District to provide funds to the District which, together with other available funds of the District, will be sufficient to provide for the refunding of the District's Prior Agreements (as defined in the Indenture) issued to refinance the construction of certain flood control facilities, which Bonds are issued under and pursuant to the San Mateo County Flood Control District Act (California Statutes 1959, Chapter 2108) and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Law"), and under and pursuant to the provisions of an Indenture executed and entered into as of [July 1, 2015] (the "Indenture") by and between the District and the Trustee, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Secretary of the Board of Supervisors of the District and at the Principal Corporate Trust Office of the Trustee), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are subject to redemption prior to maturity as set forth in Appendix A hereto.

The Bonds are special obligations of the District and are payable, as to the interest thereon and the principal thereof and the redemption premiums, if any thereon, solely from the Revenues (as that term is defined in the Indenture and herein the "Revenues") and certain other funds provided in the Indenture, and the District is not obligated to pay them except from the Revenues and such other funds. All the Bonds, together with any additional installment purchase contracts executed by the District payable from the Revenues and any additional revenue refunding bonds issued by the District payable from the Revenues (all as provided in the Indenture), are equally secured by a pledge of, and charge and lien upon, the Revenues and such

other funds, and the Revenues and such other funds constitute a trust fund for the security and payment of the interest on and the principal of and the redemption premiums, if any, on the Bonds (and such other parity obligations) as provided in the Indenture. The Bonds are not a debt of the District, the State of California or any of its political subdivisions, and neither the District, the State of California nor any of its political subdivisions is liable hereon, nor in any event shall the Bonds or any interest thereon or any redemption premiums thereon be payable out of any funds or properties other than those of the District. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation or restriction, and no persons executing the Bonds are liable on the Bonds personally by reason of their issuance. Additional installment purchase contracts payable from the Revenues and such other funds may be executed by the District and additional revenue refunding bonds payable from the Revenues and such other funds may be issued by the District which will rank equally as to security with the Bonds, but only subject to the terms and conditions set forth in the Indenture.

The District has covenanted and warranted that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all such existing and additional installment purchase contracts and all such additional revenue refunding bonds when due, there has been created and will be maintained by the District the the San Mateo County Flood Control District Revenue Fund (Colma Creek Zone) (as that term is defined in the Indenture) into which all Revenues (as that term is defined in the Indenture) shall be deposited, and as an irrevocable charge the District has allocated the Revenues to the payment of the interest on and principal of and redemption premiums, if any, on and any sinking fund account payments for the Bonds and all such existing and additional installment purchase contracts and all such additional revenue refunding bonds, and the District will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue and all such existing and additional installment purchase contracts and all such additional revenue refunding bonds out of the Revenues and such other funds, all in accordance with the terms and provisions set forth in the Indenture.

The Bonds are issuable in the form of fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of authorized denominations in the same aggregate principal amount, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Trustee by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for

the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended or supplemented at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment or supplement shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon or to pay any sinking fund account payment herefor at the time and place and at the rate and in the currency and from the funds provided in the Indenture without the express written consent of the registered owner of this Bond; or (2) permit the creation by the District of any mortgage, pledge or lien upon the Revenues and such other funds superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds and such existing and additional installment purchase contracts and such additional revenue refunding bonds authorized to be executed and issued under the Indenture; or (3) reduce the percentage of Bonds required for the written consent to an amendment of or supplement to the Indenture; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Mateo County Flood Control District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Authorized Officer and has caused this Bond to be dated _____, 2015.

SAN MATEO COUNTY
FLOOD CONTROL DISTRICT

By:

President of the Board of Supervisors of the San
Mateo County Flood Control District

SAN MATEO COUNTY
FLOOD CONTROL DISTRICT

By:

Clerk of the Board of Supervisors of the San
Mateo County Flood Control District

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON 2015 REFUNDING BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on _____.

[TRUSTEE],
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON 2015 REFUNDING BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

[ENDORSEMENT TO APPEAR ON 2015 REFUNDING BONDS]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

APPENDIX A

[REDEMPTION PROVISIONS]